



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

June 26, 2009

Transmitted Via E-Mail

Wendy Linney
The Corporation for Manufacturing Excellence d.b.a. Manex
2633 Camino Ramon, Suite 325
San Ramon, CA 94583
wlinney@manexconsulting.com

Dear Ms. Linney:

RE: Final MONITORING VISIT REPORT for MANEX 8– ET07-0323

Date of the Visit:	5/19/09
Beginning/Ending Time:	3:30 – 4:15 p.m.
Date of Last Visit:	11/6/08
Visit Location:	San Ramon
Persons in Attendance:	Jonathan Lee, Brent Meyers, Windy Linney, Manex; Teresa Teles, Employment Training Panel(ETP)
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	4/30/07 - 4/29/09	Agreement Amount:	\$999,098
Training Start Date:	4/30/07	No. to Retain:	904
Date Training must be Completed:	1/29/09	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	*Jobs 1, 2, 9, 10 = 60 Jobs 7, 8, 11, 12 = 40

*Jobs 3, 4, 5, and 6 were deleted in Amendment 1.

FINAL REPORT SUMMARY:

HISTORY OF AGREEMENT CHANGES

ETP approved one Agreement Amendment, processed a Technical Error Correction, and three Agreement Modifications. The Amendment was approved on December 12, 2007, and added funds in the amount of \$467,280 to serve additional participating employers. The Technical Error Correction revised the number of jobs to allow training for MEC Priority Small Businesses which had been left out in error during development. The three Modifications redistributed the

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funds among the jobs to allow Manex to move funds to jobs that were more in demand and reduce funds in the jobs with less demand.

Responses to ETP Final Visit Questions:

1. What barriers, if any, did your MEC experience in implementing your ETP project?

Overall, it is a very smooth process. At times, the NAICS code that the state has is not reflective of the company's activities, thus impacting the project with a wrong reimbursement rate, but upon notification, ETP is very quick to resolve this. Other than that, the process has been, and continues to be, very effective.

2. What problems, if any, did your MEC experience with ETP record keeping?

There is an opportunity to make the ETP database/system more dynamic. For instance, if duplicate entries are made for an employee, the system does not "catch" that or show you summary data unless you run a report. However, this is at least as much the fault of the MEC as anyone, so we mention that as an opportunity, not a problem. ETP record keeping can be voluminous for an MEC that works with many companies at a time, but by segregating data by clients, and by time period, this process can be smooth. This new method has worked well for us.

3. What assistance could ETP have provided that would improve the process for future Contractors?

A quick reference guide, or checklist would probably be beneficial. For example, an 11" x 17" sheet that shows; 1) How to qualify; 2) How to enter initial data; 2) At P2..., etc. This kind of guide, though not needed by an experienced MEC, would certainly be helpful for new contractors.

4. What benefits came from the ETP training?

ETP has been tremendously beneficial. Just tremendous. For one company, sales were anticipated to drop from \$24 million to under \$16 million due to the real estate decline and economic malaise. By using ETP to support some of the training, the company learned to operate MUCH more efficiently, which not only reduced costs, but allowed them to have higher quality product available to customers at lower prices and with far shorter "time to delivery." This 3-prong benefit to customers (higher quality, lower prices, faster delivery) resulted in this company gaining market share, so even though the market shrank, the company almost maintained its \$24 million in sales (sales dropped to about \$22 million a year). This CA company became far more competitive with its China and Illinois competitors. Even with its \$2 million drop in sales (which could have been up to \$8 million without these improvements), it still had more in operating profits, which meant the employees still retained their hours and started receiving performance bonuses, albeit small.

There is also a downstream benefit. This client serves contractors, who have been very challenged by the real estate and economic decline (just like this company), but by passing on some of the materials price reduction to their customers (property owners) and by featuring longer lasting, better product (with better warranties), they've been able to recapture more of the opportunities they wouldn't have otherwise been able to provide. So the benefit is much more far-reaching and flows much more downstream than many realize.

Nearly every company we served in Manex 8 and even in the first part of Manex 9 has a story like the above. The ETP program has benefited the company by making them far more effective and efficient. And the employees have noted that they feel far more effective in their jobs. They understand how to evaluate a series of processes and how they connect to customers, rather than just understanding just their role and just their activities. They also become more collaborate and operate with teamwork and "the customer in mind." As mentioned above the ETP program has been a tremendous program for Manex's client and their employees.

PROJECT STATISTICS:

Job Number	Number Enrolled	Number Dropped	Number Completed Retention
1	50	15	32
2	45	9	22
7	120	24	83
8	11	0	4
9	246	98	130
10	1	0	0
11	1	0	0
12	83	6	70
Totals:	557	152	341

ETP records show that you retained a total of 314 trainees (38% percent of planned retentions) for a total reimbursement of \$939,792, (94 percent of the encumbered amount).

ATTENDANCE ROSTERS:

Review of documentation and on-line tracking data entry was conducted at previous monitoring visits.

AUDIT:

Manex will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:


Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Teresa Teles at (650) 655-6940 or at tteles@etp.ca.gov within ten (10) working days from receipt of this report.

Sincerely,



Creighton Chan, Manager
San Francisco Bay Area Regional Office



Teresa Teles, Analyst
San Francisco Bay Area Regional Office

cc: Jonathan Lee, jlee@manexconsulting.com
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor 6/26/09